

Electric and Natural Gas Service Deposits Residential Customers

Taken from CONSUMER STANDARDS AND BILLING PRACTICES
FOR ELECTRIC AND GAS RESIDENTIAL SERVICE
R 460.2101 - R 460.2199:

PART 3. DEPOSITS AND GUARANTEE TERMS AND CONDITIONS

R 460.108 Prohibited practices.

Rule 8. A utility shall not require a deposit or other guarantee as a condition of new or continued utility service based upon any of the following:

(a) Consumer credit score, if the customer or applicant has prior utility service credit history with any electric or gas provider during the previous 6 years.

(b) Income.

(c) Home ownership.

(d) Residence location.

(e) Race.

(f) Color.

(g) Creed.

(h) Sex.

(i) Age.

(j) National origin.

(k) Marital status.

(l) Familial status.

(m) Disability.

(n) Any other criteria not authorized by these rules.

History: 2007 MR 20, Eff. Oct. 26, 2007.

R 460.109 Deposit for new customer.

Rule 9. (1) A utility may require a deposit as a condition of providing service to a new customer if any of the following provisions apply:

(a) At the time of the request for service, the applicant has a delinquent bill with any electric or gas provider that accrued within the last 6 years and that remains unpaid and is not in dispute.

(b) The applicant misrepresents his or her identity or credit standing.

(c) The applicant fails to provide positive identification information upon request at the time of applying for new service.

(d) The applicant requests service for a location at which he or she does not reside.

(e) The applicant engaged in unauthorized use of utility service within the last 6 years, provided that the finding of unauthorized use of utility service was made after notice and an opportunity for a hearing and is not in dispute.

(f) Within the past 3 years, the applicant lived in a residence with a person who accrued a delinquent account for electric or gas service to the shared residence, during the time the applicant lived there, which remains unpaid and is not in dispute, and the person with the delinquent account now resides with the applicant. The utility shall advise the applicant of the process by which the applicant can refute this claim.

(g) The applicant has sought relief under federal bankruptcy laws within the last 6 years.

(2) Notwithstanding any of the provisions of subrule (1) of this rule, a utility shall not require a deposit as a condition of providing service to a new customer if any of the following provisions apply:

(a) The department of human services or its successor agency is responsible for making payments to a utility on behalf of the applicant.

(b) The applicant secures a guarantor who is a customer in good standing with the utility.

(c) The applicant is 65 years of age or older and has a satisfactory payment history for the past 3 years with any gas or electric provider.

History: 2007 MR 20, Eff. Oct. 26, 2007.

R 460.110 Deposit for a previous customer or for continued service.

Rule 10. (1) A utility may require a deposit as a condition of providing or restoring service to a previous customer or continuing service to a current customer if any of the following provisions apply:

(a) At the time of the request for service, the customer or applicant has a prior service account that is delinquent, that accrued within the last 6 years, and that remains unpaid and is not in dispute or if litigation was required to obtain full payment of a utility account that was not in dispute.

(b) The customer or applicant misrepresents his or her identity or credit standing.

(c) The customer or applicant fails to provide positive identification information upon request at the time of applying for service.

(d) The customer or applicant engaged in unauthorized use of utility service within the last 6 years, if the finding of unauthorized use of utility service was made after notice and an opportunity for a hearing under these rules and is not in dispute.

(e) The utility has shut off service to the customer for nonpayment of a delinquent account that is not in dispute.

(f) The utility has had 1 or more checks issued from the customer's account returned from a financial institution for insufficient funds or no account or has had 1 or more payments from the customer's debit or credit card or other form of payment denied within the last 12 months, excluding financial institution error.

(g) The applicant has sought relief under federal bankruptcy laws within the last 6 years.

(h) Within the past 3 years, the applicant lived in a residence with a person who accrued a delinquent account for electric or gas service to the shared residence, during the time the applicant lived there, which remains unpaid and is not in dispute, and the person with the delinquent account now resides with the applicant. The utility shall advise the applicant of the process by which the applicant can refute this claim.

(2) Notwithstanding any of the provisions of subrule (1) of this rule, a utility shall not require a deposit as a condition of providing service to a previous customer or continuing service to a current customer if one of the following provisions applies:

(a) The department of human services or its successor agency is responsible for making payments to a utility on behalf of the applicant.

(b) The customer or applicant secures a guarantor who is a customer in good standing with the utility.

(c) The applicant is 65 years of age or older and has a satisfactory payment history with any gas or electric provider for the past 3 years.

History: 2007 MR 20, Eff. Oct. 26, 2007.

R 460.111 General deposit conditions.

Rule 11. (1) All of the following apply to payment of deposits:

(a) For a primary residence, a deposit that is required under these rules due to a prior outstanding account that is not in dispute or a shutoff for nonpayment shall not be more than twice the average monthly bill for the premises or, if the current customer's consumption history for the premises is unavailable, twice the utility's system average monthly bill for residential service.

(b) For seasonal properties, a deposit that is required under these rules due to a prior outstanding account that is not in dispute or a shutoff for nonpayment shall not be more than twice the average monthly bill for peak season usage.

(c) A utility shall offer an eligible low-income customer the option of paying a deposit required under these rules in 2 monthly installments.

(2) Whenever a utility requests a deposit because of an unpaid account incurred in another household member's name for a time when the customer and the other person shared a residence, as described in R 460.109(f) or R 460.110(i), the utility shall provide the customer with notice of the reason for the request, the commission rule that allows the utility to make the request, and the process for refuting the action.

(3) A deposit that is required during the space heating season due to a disconnect for nonpayment within the past 12 months, shall not exceed the utility system average monthly gas bill for gas service or the utility system average monthly electric bill for electric service. If the customer receives gas and electric service from a combination utility, the deposit shall not exceed the total of the utility's combined system average monthly gas and electric bills.

(4) A deposit that is required as a condition of providing, restoring, or continuing service due to unauthorized use of utility service shall not be more than 4 times the average peak season monthly bill for the premises or 4 times the utility's system average peak season monthly bill for residential service if the customer's consumption history for the premises is unavailable. The utility may also require payment of the delinquent account and approved charges as a condition of providing, restoring, or continuing service if the account is in the customer's, or applicant's name, is delinquent, owed to the utility, and accrued within the last 6 years.

(5) Unless the applicant misrepresents his or her identity or credit standing or fails to provide positive identification information, if requested, at the time of applying for service, the utility shall not assess a deposit if the customer has been in service for 30 days or more.

(6) Except in the case of unauthorized use of utility service, if the utility shuts off service for nonpayment, the utility shall not require a deposit as a condition of restoring service unless the utility offered the customer, prior to shutoff for nonpayment, the opportunity to enter into a settlement agreement as provided in Part 10 of these rules.

(7) A utility shall pay interest at the rate of 7% per annum on all deposits. A utility shall credit interest semiannually to the service account of the customer or pay it upon the return of the deposit, whichever occurs first.

(8) The customer's credit shall be established and the utility shall return the deposit and accrued interest upon satisfactory payment by the customer of all proper charges for utility service for a period of 12

consecutive months. A utility may retain the deposit assessed because of unauthorized use of utility service for a period of 36 months and shall refund the deposit upon satisfactory payment of the final 12 months' charges.

(9) For purposes of this rule, payment is satisfactory if it is made before the issuance of a notice of shutoff of service for nonpayment that is not in dispute or within 5 days after the issuance of the next succeeding monthly bill, whichever is sooner.

(10) For customers terminating service, if the utility has not already returned the deposit, the utility shall credit the deposit, with accrued interest, to the final bill. For customers continuing to receive service, a utility may apply the deposit against an existing arrearage that is not in dispute. The utility shall promptly return the balance to the customer.

(11) A utility shall maintain a detailed record of all deposits received from customers. The record shall show all of the following information:

(a) The name of the residential customer.

(b) The location of the premises occupied by the customer at the time of making the deposit and each successive location while the deposit is retained.

(c) The date the customer made the deposit and the amount.

(d) The dates the utility paid interest and the amounts.

(e) Place of payment.

(f) Name of the utility employee who received the deposit.

(g) The terms and conditions governing the return of the deposit.

(12) A utility shall provide the customer with a written receipt for the deposit and instructions regarding how a customer who is entitled to the return of his or her deposit may obtain the deposit.

(13) A utility shall make reasonable efforts to locate customers with unclaimed deposits or credits.

(14) A utility shall apply deposit standards uniformly to all customers. A utility shall provide to any customer who objects to paying a deposit information on the process to contest the deposit requirement.

History: 2007 MR 20, Eff. Oct. 26, 2007.

R 460.112 Guarantee terms and conditions.

Rule 12. (1) A guarantee that is accepted in accordance with these rules shall be in writing and shall be in effect for not more than 36 months. The written guarantee shall state all of the terms of the guarantee and the maximum amount guaranteed. The utility shall not hold the guarantor liable for a greater amount, unless agreed to in a separate written guarantee.

(2) Notwithstanding the stated term of the guarantee, if longer than 12 months, the customer's credit shall be established and the utility shall release the guarantor upon satisfactory payment by the customer of all proper charges for utility service for a period of 12 consecutive months, unless the guarantee was required due to unauthorized use of utility service.

(3) A utility may require a guarantee because of unauthorized use of utility service for 36 months.

(4) For purposes of this rule, payment is satisfactory if it is made before the issuance of a notice of shutoff of service for nonpayment that is not in dispute or within 5 days after the issuance of the next succeeding monthly bill, whichever is sooner.

(5) A utility may withhold the release of a guarantor pending the resolution of a shutoff for nonpayment that is in dispute in accordance with these rules.

History: 2007 MR 20, Eff. Oct. 26, 2007.